

AMENDMENTS TO THE CLAIMS:

This listing of claims will replace all prior versions, and listings, of claims in the application:

LISTING OF CLAIMS:

1. (Currently Amended) A method of compressing digital data comprising the steps of:
 - (i) reading digital data as series of binary coded words representing a context and a codeword to be compressed;
 - (ii) calculating distribution output data for the input data and generating variable length prefix codewords for each combination of context and input codeword corresponding to the result so as to form a respective transition table of local codewords for each context, in a manner which leaves reserves logical codeword space available at the long end for new to represent any new input codewords, which have not yet occurred with that context, as they occur for the first time for data of lower frequency when required; and
 - (iii) recalculating the codewords from time to time, in order to continuously update the codewords and their lengths.
2. (Original) A method according to claim 1 in which the codewords are recalculated each time the number of codewords has doubled.
3. (Original) A method according to claim 1 in which the codewords are recalculated for every new frame of data.
4. (Cancelled)
5. (Cancelled)
6. (Currently Amended) A method according to ~~claim 5~~ claim 1 in which the method further comprises an adaptive learning process for deriving a relationship

between contextual information and codewords requiring compression, and a process for dynamically adjusting the relationship so as to optimize the compression rate and the efficiency of decompression.

7. (Cancelled)

8. (Cancelled)